

## Message Text

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O 241300Z MAY 75

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 2658

C O N F I D E N T I A L KINSHASA 4301

E.O. 11652: GDS

TAGS: EINV ECON CG

SUBJ: GOZ MOVES TO CONTROL PHARMACEUTICAL SECTOR

1. GOVERNOR OF CENTRAL BANK SAMBWA ISSUED A LETTER DATED MAY 19 (NOT SURFACED UNTIL MAY 23) LISTING COMPANIES WHICH WERE TO BE PERMITTED TO CONTINUE THE IMPORTATION OF VARIOUS FOOD AND PHARMACEUTICAL PRODUCTS. FOLLOWING PHARMACEUTICAL COMPANIES WERE INCLUDED: DCMP (GOZ PHARMACEUTICAL COMPANY), MEDIPHAR (PRIVATE ZAIRIAN-OWNED COMPANY, WARNER LAMBER (US), BAYER (GERMAN), AND CIBA-GEIGY (SWISS). ABSENT FROM THE LIST WERE ABOUT 40 OTHER COMPANIES IN THE PHARMACEUTICAL IMPORTING BUSINESS INCLUDING THE FOLLOWING AMERICAN COMPANIES: CYANAMID, BRISTOL MYERS, PFIZER, STERLING, PARKE-DAVIS, SOMEPHAR, ABBOT AND COUVREUR.

2. RATIONAL FOR SELECTION NOT CLEAR SINCE LIST DID NOT INCLUDE THE BIGGEST IMPORTER, SAID TO BE HOECHST, A GERMAN COMPNAY WHICH ALSO IMPRTS CHEMICALS AND DYE STUFFS. ON THE OTHER HAND, LIST INCLUDED BAYER WHICH REPORTEDLY HAS SHARPLY REDUCED IMPORTS RATHER THEN SHIP WHEN RISK OF NON-PAYMENT DEVELOPED.

3. SOME PHARMACEUTICAL FIRMS IMMEDIATELY SURMISED THAT PURPOSE OF THIS CENTRAL BANK MOVE WAS TO CONSOLIDATE THE PHARMACEUTICAL INDUSTRY IN ORDER TO SIMPLIFY EVENTUAL NATIONALIZATION BY ELIMINATING MOST OF THE COMPANIES IN SUCH A MANNER THAT THE QUESTION OF COMPENSATION WOULD BE DIFFICULT TO RAISE.

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4. SAMBWA LETTER OVERTAKEN BY EVENTS WITH THE MAY 23 AND 24 RADIO AND NEWSPAPER ANNOUNCEMENTS TO THE EFFECT THAT PURSUANT TO NATION EXECUTIVE COUNCIL (CABINET) DECISION DCMP WOULD BE THE SOLE IMPORTER AND DISTRIBUTOR OF PHARMACEUTICAL PRODUCTS BEGINNING SEPT 1. ALSO DCMP WILL CONTROL ALL "PRIVATE" PHARMACIES IN THE COUNTRY.

5. A MEETING WITH US PHARMACEUTICAL FIRMS WAS HELD AT THE EMBASSY AT 1000 ON MAY 24 TO DISCUSS PROBLEM. IN ADDITION TO ECON/COMM STAFF, REPS OF ALL THE AMERICAN COMPANIES LISTED ABOVE ATTENDED WITH THE EXCEPTION OF COUVREUR. AN AMERICAN LAWYER, PATRICK MITCHELL, WHO REPRESENTS SOME OF THE FIRMS ALSO ATTENDED.

6. QUESTIONS CITED BY THE REPS INCLUDED THE FOLLOWING: IS THERE ANY PROSPECTS OF COMPENSATION FOR COMPANIES DRIVEN OUT OF BUSINESS BY GOVT ACTION RATHER THAN NATIONALIZATION? WILL IT BE POSSIBLE TO REMIT SUBSTANTIAL AMOUNTS PRESENTLY OVERDUE TO FOREIGN SUPPLIERS WHICH HAVE NOT BEEN PAID BECAUSE OF FOREIGN EXCHANGE SHORTAGE? WHAT SHOULD BE DONE ABOUT SHIPMENTS ON ROUTE OR IN THE PROCESS OF BEING ORDERED CONSIDERING THAT IT IS ILLEGAL TO CANCEL ORDERS AFTER AN IMPORT LICENSE HAS BEEN OBTAINED? HOW WILL IT BE POSSIBLE TO COLLECT LOCAL RECEIVABLES WHEN DEBTORS REALIZE THAT PHARMACEUTICAL IMPORTERS WILL PROBABLY BE OUT OF BUSINESS IN A FEW MONTHS? WILL LARGE RECEIVABLES DUE FROM THE GOZ BE PAID AND REMITTABLE? IT WAS NOTED THAT THIS GOZ ACTION WILL PROBABLY TERMINATE PLANS BY 2 OR 3 COMPANIES WHICH WERE CONSIDERING THE CONSTRUCTION OF PLANTS FOR PHARMACEUTICAL MANUFACTURING AND PACKAGING.

7. REPS AGREED TO GIVE MATTERS MORE THOUGHT AND SUBMIT LISTS OF INDIVIDUAL COMPANIES' QUESTIONS TO EMBASSY BY MAY 28. QUESTIONS WILL BE REVIEWED AND DECISION MADE AS TO HOW GOZ SHOULD BE APPROACHED.  
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## Message Attributes

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